

# NHID E-NEWS

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## COMMENTS FROM THE COMMISSIONER'S OFFICE

### DISASTER PREPAREDNESS... HOW ARE YOU ASSISTING YOUR CUSTOMERS ?

Weather forecasters are predicting more and stronger tropical storms for this year's hurricane season, starting June 1. Along with these forecasts come predictions from some meteorologists that New England is overdue for a major hurricane. Because hurricanes are a rare event in the North East, many New Englanders are unprepared for them. We urge both the agent & carrier communities to educate their customers on how to prepare for potential devastating storms. Recent flooding in the Granite State serves as a compelling reminder of the need to educate insurance consumers about the availability and need for insurance products that will protect them from the devastating losses caused by a natural disaster.

In addition, carriers and agents should be preparing emergency plans for their businesses to ensure that they will be able to operate when their customers need them. The advantage of customer education to carriers and agents alike is that customers will be happier with the service and support they receive when their expectations of what to expect following a loss are grounded on sound information about their coverage, rather than uninformed opinion.

This is a good time to communicate with your customers about disaster preparedness. In conjunction with this article directed to the industry, the New Hampshire Insurance Department issued a press release and included information for the department's web site designed to alert consumers about storm preparedness. It is our hope that these outreach efforts to both the public and the industry will reduce the number of people suffering from uninsured losses this storm season.

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## PREMIUM TAX REDUCTION BECOMES LAW

Recently, New Hampshire gained a competitive advantage over other New England and Atlantic seaboard states when its Legislature passed House Bill 678 (Chapter 277) reducing the current 2% premium tax to 1% over the next four and one-half years. In conjunction with the reduction, New Hampshire has changed its quarterly premium tax payment schedule to a one time annual payment each March beginning in 2007.

As a result, insurers around the country are taking note of New Hampshire. This economic development initiative, when combined with New Hampshire's already favorable tax climate and positive regulatory environment, will hopefully encourage domestic insurers to remain in New Hampshire and to entice foreign insurers to relocate here.

The new law requires that the Insurance Department and the Department of Resources and Economic Development work hand-in-hand to develop the tools necessary to market and promote New Hampshire's newest tax advantage, and to keep the Legislature apprised of progress.

## VIATICAL/LIFE SETTLEMENT LEGISLATIVE *RE*INTRODUCTION

The NAIC Life Insurance and Annuities Committee (A) met in Washington D.C. in June 2006 at the Summer NAIC National Meeting to consider changes to the current Viatical Settlements Model Act in response to concerns about investor initiated life insurance transactions. This meeting was a follow-up to a public hearing held in New York City in May 2006 where the Committee listened to public comments and testimony about viatical and life settlement financing methods. The New Hampshire Insurance Department plans on proposing a Viatical/Life Settlement bill for the next legislative session. The bill will be based on the NAIC Viatical Settlements Model Act being currently redrafted.

New York Attorney General Eliot Spitzer has been looking at life settlement transactions closely over the last six months. Based on March 2006 newspaper accounts and discussions with the staff at the New York Insurance Department, it is our understanding that his investigation will be leading to court actions or settlement agreements with some of the leading life settlement companies doing business in the state of New York. The results of this investigation and its possible outcome may also have ramifications for the final version of the upcoming draft of the Model Act. We are closely monitoring the situation to be sure that we act responsibly in accordance with these changes when introducing the legislation to our General Court for possible adoption.

## SPEAKING OF INSURANCE!

### Engagements you may have missed .....

- June 21st, Consumer Services Division staff Kathleen Belanger and Pauline Lamy represented the NHID at the Senior Resource Festival, William B. Cashin Senior Activity Center in Manchester.
- Commissioner Sevigny and Director of Operations, Barbara Richardson, participated in flood insurance training seminars for producers from 9:00 a.m. to 11:00 a.m.:

June 21st, CR Sparks in Bedford

June 22nd, Keene Country Club

June 27th, Portsmouth Country Club

July 12th, IIABNH in Concord

- May 5th, New Hampshire Insurance Department's Property and Casualty Actuary, David Withers, and Property and Casualty Chief Market Conduct Examiner, Kent Dover, spoke to the New England Chapter of the Association of Insurance Compliance Professionals (AICP) at its annual educational seminar in Marlborough, Massachusetts.

### Engagements to catch.....

- July 19th, Commissioner Sevigny will make a presentation at the NAIC Commissioner's forum in Kansas City.

## LEGISLATIVE WRAP-UP 2006

The Department actively participated in the Legislative Session weighing-in on numerous initiatives and assisting Senators and Representatives, when requested, with information and language. Further, the Department requested the introduction of the four following bills:

### **HB 1192 Property & Casualty Technical Changes: 2006 Chapter 196, Effective July 30, 2007**

These amendments to the insurance laws concern required filing of insurer annual reports; clarify property and casualty lines of business for uniform coding; preserve the standard fire policy as the minimum requirements; provide proactive measures regarding title insurance commissions; enable carriers to refuse to provide excess insurance when the carrier does not write associated personal collateral policies; require notification to insureds of their placement in the New Hampshire Automobile Reinsurance Facility; make clear that the provisions of RSA 417-B are applicable to personal lines coverage only, and not to excess insurance coverage; add requirements to RSA 400-B:7 regarding complaint records; and, correct typographical errors and incorrect cite references in certain statutes.

**HB 1592 Life, Accident & Health Technical Changes:** Passed by the House with Department amendments in March. Tabled by the Senate on April 20th.

### **SB 283 Stop Loss Insurance: 2006 Chapter 217, Effective January 1, 2007**

This new statute establishes criteria for the issuance of stop loss insurance policies by setting the precise scope and parameters of stop loss; it defines the distinction between a policy of insurance sold as "stop loss" from policies sold as "accident and health insurance"; it sets attachment point thresholds intended to complement existing health insurance, like self-insurance and medical savings accounts; and provides rulemaking authority to the Commissioner to carry out the requirements of the bill and prescribe additional standards for stop loss policies as may be necessary.

### **SB 391 Third Party Administrators: 2006 Chapter 271, Effective August 8, 2006**

This bill amends RSA 402-H regulating third party administrators to update existing law with the most current NAIC licensing structure, and address Legislative and Department concerns with shortcomings in the existing law. The new law provides a specific exemption from third party licensing for licensed carriers; clarifies the requirement that third party administrators must file their claim data with the state; recognizes three categories of TPA's – administrators that provide services to fully insured plans that are regulated by the state, administrators that provide services to self-insured plans that are regulated by the federal government, and administrators that provide services to self-insured plans such as government plans, church plans, and multiple employer welfare arrangements that are not regulated by either the state or the federal government.

## 2006 COMPANY CHANGES

### COMPANY NAME CHANGES:

OLD NAME	NEW NAME	EFFECTIVE DATE
The Travelers Ins. Co.	MetLife Ins Co of CT	May 01, 2006
The Travelers Life & Annuity	MetLife Life & Annuity Co of CT	May 01, 2006
Progressive Halcyon Ins. Co.	Progressive Direct Ins Co	March 13, 2006
Insurance Corp of Hannover	Praetorian Insurance Co	July 01, 2006
Phoenix National Ins Co	Molina Healthcare Ins Co	January 13, 2006

### NEWLY LICENSED COMPANIES:

COMPANY NAME	TYPE OF LICENSE	EFFECTIVE DATE
Quadrant Indemnity Co.	Property & Casualty	May 12, 2006
Sears Life Ins. Co.	Life and Health	May 19, 2006
IDS Property Casualty Ins Co.	Property & Casualty	June 15, 2006
Strathmore Insurance Co.	Property and Casualty	July 03, 2006
Life of the South Ins. Co.	Life and Health	June 22, 2006
Southern Insurance Co.	Property and Casualty	June 27, 2006

### AMENDED LICENSES:

COMPANY NAME	LINE OF BUSINESS	EFFECTIVE DATE
Beazley Insurance Co	Remove restriction of servicing existing business only	May 15, 2006



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